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Attorney General Frosh Announces \$6 Billion Settlement with Sackler Family

Up to \$1.675 Billion in Additional Payments Secured After Dissenting States' Challenge to \$4.325 Billion Bankruptcy Plan; Sacklers to be Banned from Opioid Business

BALTIMORE, MD (March 3, 2022) - Maryland Attorney General Brian E. Frosh announced today that Maryland, joined by seven other states and the District of Columbia, reached a \$6 billion settlement with the Sackler family. The agreement, reached after weeks of mediation in the wake of his successful challenge to the former \$4.325 billion Purdue bankruptcy plan that released the Sackler family from all liability for the opioids epidemic, will secure at least an additional \$39.6 million for Maryland.

The Sackler family owned and controlled the OxyContin manufacturer Purdue Pharma. The settlement announced today provides for additional payments of \$1.175 to \$1.675 billion, a nearly 40-percent increase over the \$4.325 billion settlement reached last August. The settlement, which is contingent upon court approval, is in addition to the previously agreed \$4.325 billion payment, distribution of Purdue's remaining assets, injunctive relief, and requirement that the Sacklers permanently exit the opioids business worldwide. The additional \$1.675 billion resulting from the settlement will benefit state, local, and tribal governments in Maryland and across the country.

"This hard-won settlement is a tremendous benefit for the country. It will save lives and continue our pursuit of justice for all who have suffered from the epidemic that has destroyed so many families and communities," said Attorney General Frosh. "For decades, the Sacklers have evaded the law and engaged in a relentless, misleading marketing campaign that left millions ravaged by opioid addiction. We hope that today's settlement will help make real progress against this crisis here in Maryland and across the country."

Maryland will receive at least \$39.6 million from the settlement, which will be in addition to the amount previously negotiated. The total amount Maryland expects to receive from Purdue and the Sacklers overall— an estimated \$121.9 to \$132.2 million – will be used for opioid treatment

and prevention. Other states – even those that opposed Maryland’s appeal – will also see multi-million dollar increases in their recoveries from Purdue and the Sacklers.

Working with other states, Maryland commenced an investigation of Purdue and the Sackler family members in 2016 for their role in deceptively and unfairly marketing OxyContin and other opioids in violation of Maryland’s Consumer Protection Act. Attorney General Frosh then filed an enforcement action against Purdue and the Sacklers in 2019. Purdue filed for bankruptcy shortly before the scheduled trial, however, and the company secured a stay from the bankruptcy court of all litigation against it and the Sacklers.

Working closely with a group of other states, Maryland continued to litigate against Purdue and the Sacklers in bankruptcy court. During the bankruptcy plan confirmation hearing in August 2021, Maryland worked with its fellow objecting states and the District of Columbia to oppose confirmation of the \$4.325 settlement with the Sacklers. Maryland took the lead in calling as witnesses and cross-examining the four members of the Sackler family who testified during the confirmation trial. When the bankruptcy court nevertheless confirmed the settlement, Maryland again joined its fellow objecting states in appealing the bankruptcy court’s ruling to the United States District Court for the Southern District of New York. The District Court overturned the bankruptcy plan.

Purdue and the Sacklers then appealed to the United States Court of Appeals for the Second Circuit and signaled willingness to resolve the objecting states’ concerns. Maryland and the other eight jurisdictions then secured the additional \$1.675 billion pledge from the Sacklers in a mediation conducted by U.S. Bankruptcy Judge Shelley C. Chapman.

The new settlement keeps intact provisions of the Purdue bankruptcy plan, forcing the company to dissolve or be sold by 2024 and banning the Sacklers from the opioid business.

Once approved by the courts handling the bankruptcy, the new settlement will also:

- Require the Sackler families to pay up to \$6 billion to the states—\$1.675 billion above the initial bankruptcy plan. \$1.175 billion of the additional amount is fixed, and the additional up to \$500 million will be paid upon sale of certain Sackler assets. The final payments are spread over 18 years, with larger payments frontloaded so that State will receive more money earlier as compared to the previous bankruptcy plan.
- Require the Sacklers to provide a statement of regret for their role in the opioid epidemic..
- Require the Sackler family to allow institutions to remove the Sackler family name from buildings, scholarships, and fellowships.
- Require Purdue to make public additional documents previously withheld as privileged legal advice, including legal advice regarding advocacy before Congress, the promotion, sale, and distribution of Purdue opioids, structure of the Purdue Compliance Department and its monitoring and abuse deterrence systems, and documents regarding recommendations from McKinsey & Company, Razorfish, and Publicis related to the sale and marketing of opioids.
- In addition, mediator Judge Shelley C. Chapman will urge the Bankruptcy Court to require the Sacklers to participate in a public hearing where victims and their survivors would be given an opportunity to directly address the family.

<https://www.marylandattorneygeneral.gov/press/2022/030322.pdf>